

Monthly Recap

At-A-Glance

The S&P 500 fell 0.76% in February, trimming its YTD gain to 0.68%. The index ended the month 1.43% below its most recent record high of 6,978 set on January 27.

The Dow Jones Industrial Average rose 0.31% for the month, extending its 2026 YTD gain to 2.12%. The blue-chip index topped 50,000 for the first time on Feb. 6 and capped its 10th straight monthly gain, its longest winning streak since January 2018.

Following negative returns in November and December, the Nasdaq Composite returned to losses in February, tumbling 3.33% to more than erase January's 0.97% gain. The tech-heavy index is down 2.39% YTD.

Bloomberg's Commodities Index rose 1.10% in February, lifting its YTD gain to 11.58%.

Gold futures surged 10.60% in February, its eighth straight monthly gain, ending at \$5,247.90 per troy ounce. With back-to-back monthly double-digit percentage gains, gold prices are up 20.89% this year.

U.S. West Texas Intermediate (WTI) crude oil futures advanced 2.78% in February, finishing the month at \$67.02 per barrel.

Market Indices ¹	February	Year-to-Date
S&P 500	-0.76%	0.68%
Russell 3000	-0.48%	1.07%
Russell 2000	0.80%	6.20%
MSCI EAFE	4.63%	10.09%
MSCI Emerging Markets	5.50%	14.83%
Bloomberg U.S. Aggregate Bond	1.64%	1.75%
Bloomberg U.S. Municipal Bond	1.25%	2.20%
Bloomberg U.S. Corporate High Yield	0.19%	0.69%

¹FactSet (all equity performance is total return, which includes dividends).

The three major U.S. equity averages finished mixed in February with the S&P 500 down a second time in the past three months and the Nasdaq Composite (-3.33%) posting its worst month since March 2025. Investors shifted out of Big Tech mega cap stocks and rotated into cyclical-based sectors and other traditional safe havens including U.S. Treasuries and precious metals. Wall Street woes included mounting tariff repercussions following the Supreme Court IEEPA decision, geopolitical risks in Iran, and selective selloffs in artificial intelligence (AI) related stocks. Software service firms were again among the hardest hit. Risks intensified at month end after a leading payments company announced plans to cut 40% of its workforce as it embraces AI.

Gold futures bounced back from January's month-ending slump, gaining nearly 11% for its biggest monthly gain since January 2012. After surging nearly 5.4% in January, the small cap-focused Russell 2000 Index outperformed its larger cap peers in February, albeit gaining just 0.8% and lifting its 2026 year-to-date (YTD) gain to 6.2%. Meanwhile, corporations stepped up their stock-buyback operations with over 200 companies authorizing repurchases that totaled over \$233B in February, the largest February on record and third-largest month ever, according to Birinyi Associates.

February reported economic data also proved challenging for investors. The delayed initial reading of fourth quarter 2025 GDP growth slowed to +1.4%, half the expected pace of +2.8% and down significantly from 4.4% growth recorded for Q3 2025. Quarter-over-quarter, the deceleration primarily reflected the partial government shutdown with federal spending slumping 17%, along with downturns in exports, and consumer spending. Personal consumption expenditures (PCE) increased at 2.4% annualized, matching forecast but down from 3.5% Q3 growth. Wholesale inflation edged higher with the Producer Price Index rising 0.5% in January, the most since September (+0.3% expected). More favorably, long term mortgage rates fell below 6% for the first time in over three-years with the average 30-year fixed home mortgage rate at 5.98%, down from 6.76% a year ago.

With the Q4 corporate earnings season nearly complete, the blended year-over-year earnings growth for S&P 500 companies stands at 14.2%, according to FactSet. At the start of the earnings season, EPS growth was forecast to expand by 8.3%, registering its fifth consecutive quarter with double-digit earnings growth.

Value stocks of all sizes broadly outperformed Growth stocks for a second straight month with the Russell 1000 Large Cap Value Index outpacing the Russell 1000 Large Cap Growth Index by a 5.95% differential (6.1% differential in January). This marked the fourth consecutive monthly Value over Growth outperformance, and their fifth largest performance gap since 2002. For the two-month start to 2026, the Large Cap Value over Growth YTD differential jumped to 12.1%.

February Returns

	Value	Blend	Growth
Large Cap	2.59%	-0.54%	-3.36%
Mid Cap	4.72%	3.82%	0.79%
Small Cap	1.93%	0.80%	-0.24%

Year-to-Date Returns

	Value	Blend	Growth
Large Cap	7.28%	0.83%	-4.82%
Mid Cap	9.21%	6.99%	-0.09%
Small Cap	8.92%	6.20%	3.72%

Source: Cetera Investment Management, FactSet, FTSE Russell. Returns shown are total return, which includes dividends. Investors cannot invest directly in indexes. Data as of 2/28/2026.

Seven of the S&P 500's eleven major sector groups posted February gains with cyclical-oriented sectors continuing to outperform while last year's biggest gainers continued to decline.

Top Sector Performers – February ¹	Bottom Sector Performers – February ¹
Utilities (+10.35%)	Technology (-3.91%)
Energy (+9.43%)	Communication Services (-5.14%)
Materials (+8.38%)	Consumer Discretionary (-5.38%)
Top Sector Performers – YTD ¹	Bottom Sector Performers – YTD ¹
Energy (+25.22%)	Consumer Discretionary (-3.76%)
Materials (+17.82%)	Technology (-5.51%)
Consumer Staples (+16.26%)	Financials (-6.03%)

¹ FactSet (all S&P 500 sector performance percentages are total return based, which include dividends).

Foreign equities in developed markets continued to outperform the U.S. in February, even as the U.S. dollar edged 0.7% higher. The MSCI EAFE Index rose over 4.6% last month, outpacing the S&P 500 by nearly 5.4%. Emerging markets posted stronger gains, jumping 5.5% in January. MSCI indices for Korea (+22.02%) and China (-5.77%) highly diverged last month.

Turning to fixed-income markets, U.S. Treasuries capped their largest monthly price gains in a year, sending short-term yields to their lowest levels in four years as investors sought safer havens away from the mounting negative equity catalysts. The safety and liquidity appeal of U.S. Treasuries drove a rally in benchmark 10-year T-Notes, sending its yield below 4% for the first time since November, ending February at 3.961% while the yield on policy-sensitive two-year Treasuries tumbled to 3.379%, its lowest level since 2022. Yields fall as prices rise.

The Bloomberg U.S. Government Index advanced 1.81% in February after slipping 0.09% in January, while the longer-duration Bloomberg U.S. Government Long-term Bonds Index surged 4.19% following a 0.47% January decline. On a broader basis, investment-grade bonds of all types, as measured by the Bloomberg U.S. Aggregate Bond Index, gained 1.64% last month, while Bloomberg's U.S. Corporate High Yield Bond Index, representing holdings of below investment-grade (junk-rated) bonds, underperformed with just a 0.19% gain. Bloomberg's U.S. Municipal Bond Index gained 1.25%, extending its YTD gain to 2.20% for its best two-month start to a year since 2020.

This report is created by Cetera Investment Management LLC. For more insights and information from the team, follow [@CeteraIM](#) on X.

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Glossary

The **Bloomberg Barclays Capital U.S. Aggregate Bond Index**, which was originally called the Lehman Aggregate Bond Index, is a broad-based flagship benchmark that measures the investment grade, US dollar-denominated, fixed-rate taxable bond market. The index includes Treasuries, government-related and corporate debt securities, MBS (agency fixed-rate and hybrid ARM pass-throughs), ABS and CMBS (agency and non-agency) debt securities that are rated at least Baa3 by Moody's and BBB- by S&P. Taxable municipals, including Build America bonds and a small amount of foreign bonds traded in U.S. markets are also included. Eligible bonds must have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 8.25 years. This total return index, created in 1986 with history backfilled to January 1, 1976, is unhedged and rebalances monthly.

The **Bloomberg Barclays US Municipal Bond Index** covers the USD-denominated long-term tax-exempt bond market. The index has four main sectors: state and local general obligation bonds, revenue bonds, insured bonds, and prerefunded bonds. Eligible securities must be rated investment grade (Baa3/BBB- or higher) by Moody's and S&P and have at least one year until final maturity, but in practice the index holding have a fluctuating average life of around 12.8 years. This total return index is unhedged and rebalances monthly.

The **Bloomberg Barclays US Corporate High Yield Index** measures the USD-denominated, non-investment grade, fixed-rate, taxable corporate bond market. Securities are classified as high yield if the middle rating of Moody's, Fitch, and S&P is Ba1/BB+/BB+ or below, excluding emerging market debt. Payment-in-kind and bonds with predetermined step-up coupon provisions are also included. Eligible securities must have at least one year until final maturity, but in practice the index holdings has a fluctuating average life of around 6.3 years. This total return unhedged index was created in 1986, with history backfilled to July 1, 1983 and rebalances monthly.

The **Barclays U.S. Government Bond Index** is comprised of the U.S. Treasury and U.S. Agency Indices. The index includes U.S. dollar-denominated, fixed-rate, nominal US Treasuries and US agency debentures (securities issued by US government owned or government sponsored entities, and debt explicitly guaranteed by the US government). The US Government Index is a component of the U.S. Government/Credit and U.S. Aggregate Indices, and eligible securities also contribute to the multi-currency Global Aggregate Index. The U.S. Government Index has an inception date of January 1, 1973.

The **Bloomberg Commodity Index** is a broadly diversified index that allows investors to track commodity futures through a single, simple measure. It is composed of futures contracts on physical commodities and is designed to minimize concentration in any one commodity or sector. It currently includes 19 commodity futures in five groups. No one commodity can comprise less than 2% or more than 15% of the index, and no group can represent more than 33% of the index (as of the annual reweightings of the components).

The **Cboe Volatility Index®** (VIX®) is a key measure of market expectations of near-term volatility conveyed by S&P 500 stock index option prices.

The **MSCI EAFE** is designed to measure the equity market performance of developed markets (Europe, Australasia, Far East) excluding the U.S. and Canada. The Index is market-capitalization weighted.

The **MSCI Emerging Markets** is designed to measure equity market performance in global emerging markets. It is a float-adjusted market capitalization index.

The **Russell 1000 Growth Index** measures the performance of the large-cap growth segment of the U.S. equity universe. It includes those Russell 1000 Index companies with higher price-to-book ratios and higher forecasted growth values.

The **Russell 1000 Value Index** measures the performance of the large-cap value segment of the U.S. equity universe. It includes those Russell 1000 Index companies with lower price-to-book ratios and lower forecasted growth values

The **Russell 2000 Index** measures the performance of the small-cap segment of the U.S. equity universe and is a subset of the Russell 3000 Index representing approximately 10% of the total market capitalization of that index. It includes approximately 2000 of the smallest securities based on a combination of their market cap and current index membership.

The **Russell 3000 Index** measures the performance of the largest 3,000 U.S. companies representing approximately 98% of the investable U.S. equity market.

The **Russell Midcap Index** measures the performance of the mid-cap segment of the U.S. equity universe and is a subset of the Russell 1000 Index. It includes approximately 800 of the smallest securities based on a combination of their market cap and current index membership. The Russell Midcap represents approximately 31% of the total market capitalization of the Russell 1000 companies.

The **S&P BSE SENSEX Index** is a free-float market-weighted index of 30 well-established and financially sound stocks on the Bombay Stock Exchange, representative of various industrial sectors of the Indian economy.

The **S&P 500** is a capitalization-weighted index of 500 stocks designed to measure performance of the broad domestic economy through changes in the aggregate market value of 500 stocks representing all major industries.

The **Dow Jones Industrial Average** is a price-weighted average of 30 significant stocks traded on the New York Stock Exchange and the NASDAQ.

The **NASDAQ Composite Index** includes all domestic and international based common type stocks listed on The NASDAQ Stock Market. The NASDAQ Composite Index is a broad-based capitalization-weighted index.

The **Shanghai Composite Index** is a stock market index of all stocks (A shares and B shares) that are traded at the Shanghai Stock Exchange.

The **U.S. Dollar Index** is a weighted geometric mean that provides a value measure of the United States dollar relative to a basket of major foreign currencies. The index, often carrying a USDX or DXY moniker, started in March 1973, beginning with a value of the U.S. Dollar Index at 100.000. It has since reached a February 1985 high of 164.720, and has been as low as 70.698 in March 2008.

West Texas Intermediate (WTI) is a crude oil stream produced in Texas and southern Oklahoma which serves as a reference or "marker" for pricing a number of other crude streams. WTI is the underlying commodity of the New York Mercantile Exchange's oil futures contracts.